



Montana State Fund

Overview

President and Chief Executive Officer: Laurence Hubbard (appointed by the MSF Board of Directors)

Board of Directors: Richard Miltenberger (Chair), Dexter Thiel, Jack Owens, (appointed by Governor) Jan VanRiper, John Maxness, Karen Fagg, Michael Marsh

Duties & Responsibilities

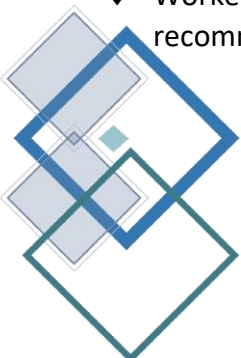
The Montana State Fund (MSF):

- ◆ Provides a guaranteed market for workers' compensation insurance in Montana, meaning MSF must write workers' compensation policies, regardless of the risk presented, unless a requester has defaulted on a state fund obligation. MSF serves as one option for any employer that wants workers' compensation in addition to private insurance and self-insurance. This expands market options for employers but has some downsides for private insurers.
- ◆ Is a nonprofit, independent public corporation ([39-71-2313](#), MCA), but has some perceived advantages and obligations as a state entity. Statutorily under [39-71-2363](#), MCA, MSF is "subject to state laws applying to state agencies, except as otherwise provided by law...". For example, MSF employees can participate in the state health insurance pool and state pension programs. MSF also is required to participate in state purchasing, information technology, and accounting programs. But MSF can use its own compensation plan for its employees because the organization is exempt from state policies under Title 2, chapter 18, [part 6](#). Similarly, MSF is specifically exempt from state printing contract provisions for external marketing or educational materials ([18-7-101](#), MCA), among other exemptions.
- ◆ Is subject to a legislative directive to "be neither more nor less than self-supporting" ([39-71-2311](#), MCA) and enabled under [39-71-2316](#), MCA, to "perform all functions and exercise all powers of a private insurance carrier that are necessary, appropriate, or convenient for the administration of the state fund."

Legislative Audits

In addition to regulatory requirements contained in [Title 33](#), MSF is subject to legislative financial and compliance audits, as provided in [39-71-2361](#), MCA.

- ◆ Financial-Compliance Audit, [19-05B](#), June 2020. No recommendations.
- ◆ Workers' Compensation Insurance Premium Review, [13P-05](#), January 2014. Eight recommendations. Follow-up, [15SP-10](#), January 2016. All recommendations implemented.



Economic Affairs Interim Committee Past Areas of Interest

Differences between private insurers and MSF. Private insurers contend that MSF has an advantage over them because MSF has a guaranteed book of business under [39-71-403](#), MCA, which requires MSF to provide workers' compensation for state agencies; MSF argues that is a sometimes good, sometimes not-so-good proposition. Private insurers also argue that MSF does not pay a premium tax and federal income tax (for varied reasons); MSF counters that serving as the guaranteed market has costs and benefits and that, as a nonprofit, tax advantages flow to policyholders. Unlike private insurers, MSF also is limited to writing a single line of insurance in a single state, among other issues not faced by the private market.

Montana State Fund Financials

Budget for Calendar Year 2021, adopted 12/2020 by the Board of Directors

MSF	2021 Budget	2020 Budget	2020 Projection	2019 Actuals	2018 Actuals
FTEs	306.00	307.00	307.00	307.00	307.00
Positions	308	309	309	310	310
Claim Benefit Payments	\$108,269,065	\$112,565,431	\$111,667,451	\$101,029,048	\$107,633,047
Operational Expenditures (excludes projects)	\$60,807,323	\$58,491,125	\$55,021,683	\$54,491,739	\$68,031,666
ABP/ESPM Projects*	\$6,624,614	\$11,757,188	\$12,277,699	\$8,733,097	\$11,924,665
Total MSF Expenditures	\$175,701,002	\$182,813,744	\$178,966,833	\$164,253,884	\$187,589,378

* **ABP** = Annual Business Plan; **ESPM** = Enterprise Strategy and Project Management

Montana State Fund Dividends* Issued, 2014-2020

(\$ in thousands)

MSF Dividends Issued	2020	2019	2018	2017	2016	2015	2014
	\$40,000	\$30,000	\$40,000	\$40,000	\$35,000	\$35,000	\$20,000

* The Board of Directors determines, usually in September, whether to pay dividends and, if so, the amount, which is distributed based on a uniform distribution policy adopted by the Board.

Montana State Fund Net Earned Premiums, 2018-2021

(\$ in thousands)

MSF Net Earned Premium	2021 Budget	2020 Budget	2020 Projection	2019 Actuals	2018 Actuals
	\$149,650	\$149,069	\$144,592	\$156,871	\$161,259